

BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF WASHINGTON

In the Matter of the Application regarding  
the Conversion and Acquisition of Control  
of Premera Blue Cross and its Affiliates

Docket No. G02-45

PREMERA'S STATUS REPORT IN  
RESPONSE TO THIRD ORDER

**I. INTRODUCTION**

On December 23, 2002, the Washington State Insurance Commissioner (the "Commissioner") issued the "Third Order" in Docket No. G02-45. The Third Order directs Premera Blue Cross and its affiliates ("Premera") and the OIC Staff each to file written status reports by January 14, 2003, regarding their progress "in identifying and gathering all of the information needed in the Form A statement in order to review the transaction in light of the statutory criteria." Third Order, pp. 9-10.

Pursuant to the Third Order, Premera submits this report on the progress made in identifying, gathering, and providing data in response to requests from the consultants that have been engaged by the OIC Staff and other state regulators (collectively, the "State Consultants").<sup>1</sup> The status report has two parts: first, a brief narrative summary; and second, a set of exhibits including a detailed matrix listing each data request and the status of Premera's response to the request. Premera and the OIC Staff have produced a single matrix

<sup>1</sup> By submitting this status report, Premera does not waive its objections to the Third Order or agree that information provided in response to requests by consultants who are reviewing Premera's Form A statement is needed as part of the Form A statement itself.

PREMERA'S STATUS REPORT IN  
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1 reflecting each party's understanding of the status of the data requests and illustrating that the  
2 number of outstanding data requests has been significantly reduced. See Exhibit A.

## 3 II. PROGRESS REPORT

### 4 A. Document and Data Requests

5 As of January 13, 2003, the State Consultants had made 377 data requests to Premera,  
6 the majority of them having multiple parts. Data requests from the State Consultants continue  
7 to arrive. As of January 13, 2003, Premera had produced over 22,000 pages of documents in  
8 response to the State Consultants' requests.

9 On January 7, 2003, representatives of Premera met with the OIC Staff and a broad  
10 array of the State Consultants. The State Consultants clarified many of their requests, and  
11 Premera explained the nature of the information available and the progress made in preparing  
12 responses. The discussion established that there were relatively few areas of disagreement  
13 between the parties in terms of what should and would be produced. The principal concerns  
14 expressed by both parties were related to timing—that is, the time needed by Premera to  
15 respond to the State Consultants' data requests, and the time needed by the State Consultants  
16 to prepare their draft reports.

17 Since this meeting, Premera representatives have discussed with the OIC Staff their  
18 need to understand the amount and extent of the requested data required for the State  
19 Consultants to produce their draft reports. Premera representatives and the OIC Staff have  
20 also continued to work on clarifying and narrowing the scope of their differences relating to  
21 the data requests and Premera's responses. The matrix attached as Exhibit A is the fruit of the  
22 latter effort. It lists each data request, describes briefly the documents produced in response,  
23 and summarizes the State Consultants' clarifications with respect to the data requests (and, in  
24  
25

1 some cases, additional requests by the State Consultants) and Premera's responses thereto.<sup>2</sup>  
2 The right-most column in the matrix reflects comments made by the State Consultants and  
3 Premera's response in each instance where Premera's response to a data request has been  
4 deemed by the State Consultants to be outstanding (termed "Consultants' Comments to  
5 Documents with Premera's Response"). The matrix also shows (in the second column from  
6 the right) the numerous instances where the OIC and State Consultants have determined that  
7 Premera's response to a particular data request is complete. Exhibit B attached hereto lists a  
8 set of open questions posed by the State Consultants and Premera's responses thereto.

9 Premera is expeditiously working to address each outstanding data request. To that  
10 end, Premera anticipates producing responses to a significant number of the outstanding  
11 current data requests by January 24, 2003.

12 **B. Interviews of Premera Personnel and Consultants**

13 In addition to requesting information in written form, the State Consultants have been  
14 interviewing Premera personnel and consultants on various topics. As of January 13, 2003,  
15 the OIC's consultants had conducted 32 such interviews and meetings. Exhibit C attached  
16 hereto is a log of all interviews the State Consultants have conducted to date with Premera  
17 personnel and Premera consultants.

18 **III. CONCLUSION**

19 Premera is working expeditiously to meet the demands of the State Consultants and, in  
20 response to their requests, to furnish information, documents, and access to personnel. The  
21 parties have been communicating with each other in an effort to keep moving forward as  
22 rapidly and productively as possible. Recent meetings have been helpful in clarifying open  
23 items.

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24 <sup>2</sup> The responses provided by Premera in the exhibits to this status report are not intended to  
25 waive any attorney-client privilege or work product doctrine or any confidentiality obligation  
which may exist between Premera and any third party.

1 The OIC Staff and Premera representatives have agreed to meet (together with the  
2 State Consultants) periodically to discuss outstanding data requests. Particularly in light of  
3 the breadth and scope of the information requested by the State Consultants, and without  
4 precluding supplemental requests for information after the preliminary consultant reports are  
5 issued, Premera's objective (and it is Premera's understanding that it is the OIC's objective as  
6 well) in these meetings is to understand at what point sufficient data exists to enable the State  
7 Consultants to issue draft reports. Premera proposes to provide periodic status reports to the  
8 Commissioner with respect to the review of Premera's conversion proposal by the OIC's  
9 Staff, a proposal to which the OIC has agreed in concept. The parties anticipate further  
10 discussions to identify the structure and documentation of such periodic status reports.

11 DATED this 14<sup>th</sup> day of January, 2003.  
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19 Cross and their affiliated companies  
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PREMERA'S STATUS REPORT IN  
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